

107TH CONGRESS  
1ST SESSION

# S. 1158

To amend the Internal Revenue Code of 1986 to modify the active business definition relating to distributions of stock and securities of controlled corporations.

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## IN THE SENATE OF THE UNITED STATES

JULY 10, 2001

Mr. BREAUX introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to modify the active business definition relating to distributions of stock and securities of controlled corporations.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. MODIFICATION OF ACTIVE BUSINESS DEFINI-**  
4       **TION.**

5       (a) IN GENERAL.—Section 355(b)(2) of the Internal  
6       Revenue Code of 1986 (defining active conduct of a trade  
7       or business) is amended by adding at the end the fol-  
8       lowing: “For purposes of subparagraph (A), all corpora-  
9       tions that are members of the same affiliated group (as

1 defined in section 1504(a)) shall be treated as a single  
2 corporation.”.

3 (b) EFFECTIVE DATE.—The amendment made by  
4 this section shall apply to distributions or transfers after  
5 the date of the enactment of this Act.

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